

should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, DC. 20549. Copies of such filing also will be available for inspection and copying at the principal office of the PSE. All submissions should refer to File No. SR-PSE-94-27 and should be submitted by February 21, 1995.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 34-35191; File No. SR-PHLX-94-70]

Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change by the Philadelphia Stock Exchange, Inc., Proposing To Extend its OTC/UTP Pilot Program

January 3, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 27, 1994, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Phlx, pursuant to Rule 19b-4 of the Act, proposes to extend the

effectiveness of the pilot program and its accompanying rules regarding the trading of Nasdaq/National Market ("Nasdaq/NMS") securities on the Exchange pursuant to unlisted trading privileges ("Phlx OTC/UTP Pilot Program") for a six-month period ending June 30, 1995.

The Exchange requests the Commission to find good cause, pursuant to Section 19(b)(2) of the Act, for approving the proposed rule change prior to the thirtieth day after publication in the **Federal Register**. Due to the non-controversial nature of the Phlx OTC/UTP Pilot Program, coupled with its previously scheduled expiration date of December 31, 1994, the Phlx respectfully requests accelerated approval of this filing.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item III below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

In 1985, the Commission published its policy to allow the extension of unlisted trading privileges ("UTP") by national securities exchanges in certain over-the-counter ("OTC") securities, provided that certain terms and conditions are satisfied. On June 26, 1990, the Commission approved a joint transaction reporting plan ("Joint OTC/UTP Plan" or "Plan") submitted by the National Association of Securities Dealers, Inc. ("NASD"), the American Stock Exchange, the Boston Stock Exchange, the Midwest Stock Exchange ("MSE," currently operating as the Chicago Stock Exchange, or "Chx"), and the Phlx.³ The Joint OTC/UTP Plan

governs the collection, consolidation, and dissemination of quotation and transaction information for Nasdaq/NMS securities traded on exchanges and by NASD market makers.

The current proposed rule change will continue the Phlx OTC/UTP Pilot Program that provides for trading of Nasdaq/NMS securities on the Exchange pursuant to UTP. Although the Chx has been trading Nasdaq/NMS securities since 1987, the Phlx obtained temporary approval of its rules to facilitate trading Nasdaq/NMS securities in late 1992,⁴ and began trading the securities in February 1993. Since that time, the Phlx has been operating the program without any adverse consequences or developments which negatively effect the program. Therefore, the Exchange seeks an extension of the Phlx OTC/UTP Pilot Program to further develop the overall OTC/UTP program.

Since April 1994, the Phlx has temporarily suspended making markets in OTC/UTP securities. However, the Phlx desires to keep the program in place for future use once certain elements of the Joint OTC/UTP Plan are worked out between the NASD and the other participants in the Plan.

2. Statutory Basis

This proposal is consistent with the Section 6(b)(5) of the Act and the rules and regulations promulgated thereunder. Specifically, the proposal is calculated to promote just and equitable principles of trade and to protect investors and the public interest. Due to the non-controversial nature of the Phlx OTC/UTP Pilot Program, coupled with the previously scheduled expiration of the Phlx's OTC/UTP privileges, the Phlx requests accelerated approval of this filing.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Phlx does not believe that the proposed rule change will be a burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were either solicited or received.

III. Solicitation of Comments

Interested persons are invited to submit written data, views and

³ See Securities Exchange Act Release No. 28146 (June 26, 1990), 55 FR 27917 ("Joint OTC/UTP Plan Order"). The Commission has approved an extension of the effectiveness of the Joint OTC/UTP Plan through January 12, 1995. See Securities Exchange Act Release No. 34371 (July 13, 1994), 59 FR 37103 (order approving Amendment No. 1 to File No. S7-24-89) ("Joint OTC/UTP Plan Extension Order").

⁴ See Securities Exchange Act Release No. 31672 (December 30, 1992), 58 FR 3054 (order approving File No. SR-PHLX-92-04) ("1992 Phlx Pilot Order"). See also Securities Exchange Act Release No. 33408 (December 30, 1994), 59 FR 1045 ("1993 Phlx Pilot Extension Order").

¹ 15 U.S.C. 78s(b)(1) (1988).

² 17 CFR 240.19b-4 (1991).

arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. § 552, will be available for inspection and copying at the Commission's Public Reference Room. Copies of such filing will also be available for inspection and copying at the principal office of the Phlx. All submissions should refer to File No. SR-PHLX-94-70 and should be submitted by February 2, 1995.

IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Change

The Commission believes that the Phlx's proposal to extend the effectiveness of the Phlx OTC/UTP Pilot Program and accompanying rules with respect to UTP in OTC securities is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.⁵ Specifically, the Commission believes that the proposed rule change is consistent with Sections 6(b)(5), 11A and 12(f) of the Act.⁶

In 1985, the Commission published its policy to extend UTP to national securities exchanges in certain OTC securities provided certain terms and conditions are satisfied.⁷ The Commission's policy stated that UTP approval would be conditioned, in part,

⁵ For a more detailed discussion of the Commission's findings with respect to the Phlx OTC/UTP Pilot Program and its consistency with the Act, see 1992 Phlx Pilot Order and 1993 Phlx Pilot Extension Order, *supra* note 4.

⁶ 15 U.S.C. 78f(b)(5), 78k-1 (1988), and 78l(f) (1988) (as amended October 22, 1994). Section 6(b)(5) requires, among other things, that the rules of an exchange be designed to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Section 11A provides, among other things, that it is in the public interest and appropriate for the protection of investors to assure fair competition among brokers and dealers, among exchange markets, and between exchange markets and markets other than exchange markets. Section 12(f), as amended, provides, among other things, that exchanges may extend UTP to securities that are registered, but not listed on any exchange, provided that certain conditions are met.

⁷ See Securities Exchange Act Release No. 22412 (September 16, 1985), 50 FR 38640.

on the approval of a plan to consolidate and disseminate exchange and OTC quotation data and transaction data upon which UTP is granted. As noted above, in 1990, the Commission approved the Plan which provides for the collection, consolidation, and dissemination of quotation and transaction information for Nasdaq/NMS securities listed on an exchange or traded on an exchange pursuant to a grant of UTP.⁸ Transactions in securities pursuant to the Plan are and will continue to be reported in the consolidated transaction reporting system established under the Plan.

In the 1993 Phlx Pilot Order and the 1993 Phlx Pilot Extension Order, the Commission emphasized that Phlx specialists trading Nasdaq/NMS securities pursuant to the grant of UTP are subject to Plan requirements as well as the Phlx By-Laws and Rules. Moreover, the Commission stated its intent to monitor any potential abuse of the informational advantage that options traders could acquire from the Phlx equity floor with respect to securities traded under the Phlx OTC/UTP Pilot Program.

In extending the Phlx OTC/UTP Pilot Program for an additional six months, the Commission again emphasizes that, if the Exchange removes its temporary suspension of OTC/UTP on its trading floor, Phlx specialists trading Nasdaq/NMS securities pursuant to UTP will continue to be subject to Plan requirements as well as the Phlx By-Laws and Rules. The Commission also will continue to monitor side-by-side trading concerns during this extension of the pilot procedures.

In approving the Plan, the Commission noted that the Plan should enhance market efficiency and fair competition, avoid investor confusion, and facilitate regulatory surveillance of concurrent exchange and OTC trading. The Commission has requested that the participants to the Plan submit evaluations to the Commission concerning the operation and status of OTC/UTP as it relates to these and other national market system objectives.⁹

In the present filing, the Phlx states that it has been operating its pilot program with no adverse consequences or developments that have a negative impact on the program. The Phlx also has attached a letter to the present filing which provides a detailed discussion of the status and operation of OTC/UTP

⁸ See note 4, *supra*.

⁹ See 1992 Phlx Pilot Order and 1993 Phlx Pilot Extension Order, *supra* note 4. See also Joint OTC/UTP Plan Order and Joint OTC/UTP Plan Extension Order, *supra* note 3.

under both the Phlx OTC/UTP Pilot Program and the Joint OTC/UTP Plan.¹⁰ The evaluation does not report any negative impact to the securities markets caused by OTC/UTP, but does make certain recommendations concerning the overall status of, and issues raised by the Joint OTC/UTP Plan. The Commission will address those recommendations in the Commission's evaluation of the continued effectiveness of the Joint OTC/UTP Plan, which currently is scheduled to expire on January 12, 1995.

The Commission believes that it is appropriate to extend the Phlx OTC/UTP Pilot Program for an additional six months while the Commission evaluates the overall program for OTC/UTP and any enhancements or changes to the program that may be necessary to further the purposes of the Act. In the interim, however, the Commission continues to believe that the Phlx OTC/UTP Pilot Program, as limited by the Joint OTC/UTP Plan, generally furthers the objectives of a national market system and is consistent with the maintenance of fair and orderly markets and the protection of investors as required by Sections 6(b)(5), 11A and 12(f) of the Act.

V. Conclusion

For the reasons stated above, the commission believes that it is appropriate to extend the Phlx OTC/UTP Pilot Program for an additional six months.

The Commission finds good cause for approving the proposed rule change prior the thirtieth day after the date of publication of notice of filing thereof in the **Federal Register**. The Commission believes that accelerated approval of the proposal is appropriate in order to allow the Phlx to continue to have rules in place for OTC/UTP trading. Further, the Phlx OTC/UTP Pilot Program and the accompanying rules have been noticed previously in the **Federal Register** for the full statutory period, and the Commission received no comments on the proposal.¹¹

It is therefore ordered, pursuant to Section 19(b)(2) ¹² that the proposed rule change is hereby approved on a pilot basis through June 30, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.¹³

¹⁰ See letter from William W. Uchimoto, First Vice President and General Counsel, Phlx, to Elizabeth Prout, Esq., Commission, dated December 21, 1994.

¹¹ See *supra* note 4.

¹² 15 U.S.C. 78s(b)(2) (1988).

¹³ 17 CFR 200.30-3(a)(12) (1991).

Margaret H. McFarland,

Deputy Secretary.

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[Release No. 35-26214]

Filings Under the Public Utility Holding Company Act of 1935, As Amended ("Act")

January 6, 1995.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated thereunder. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendments thereto is/are available for public inspection through the Commission's Office of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by January 30, 1995, to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in case of an attorney at law, by certificate) should be filed with the request. Any request for hearing shall identify specifically the issues of fact or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After said date, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Appalachian Power Company, et al. (70-8503)

Appalachian Power Company ("APCo"), 40 Franklin Road, Roanoke, Virginia 24022, a public utility subsidiary of American Electric Power Company, Inc., a registered holding company ("AEP") and Kanawha Valley Power Company ("KVPCo"), 1 Riverside Plaza, Columbus, Ohio 25327, a subsidiary of APCo, have filed an application and declaration pursuant to Sections 6(a), 7, 9(a), 10 and 12(c) of the Act and Rule 43 thereunder.

APCo owns all of the outstanding shares of stock of KVPCo. KVPCo owns and operates hydroelectric power facilities in West Virginia and sells that power to APCo. APCo and KVPCo

propose that KVPCo merge with and into APCo, the separate corporate existence of KVPCo will cease, and that APCo will be the continuing and surviving corporation (the "Surviving Corporation"). As a result of such merger, APCo will acquire all of the assets and assume all of the liabilities of KVPCo.

At the time of such merger, each outstanding share of capital stock of APCo will continue to be one outstanding share of stock of the Surviving Corporation and will continue to have the same rights, privileges and preferences as before the Merger. Each outstanding share of capital stock of KVPCo will be cancelled and extinguished.

General Public Utilities Corporation, et al. (70-8537)

General Public Utilities Corporation ("GPU"), 100 Interpace Parkway, Parsippany, New Jersey 07054, a registered holding company, and Energy Initiatives, Inc. ("EI"), One Upper Pond Road, Parsippany, New Jersey 07054, a non-utility subsidiary of GPU, have filed an application-declaration under sections 6(a), 7, 9(a), 10 and 12(b) of the Act and rules 45 and 54 thereunder.

EI proposes from time to time through January 31, 2002 to acquire limited partner interests in EnviroTech Investment Fund I Limited Partnership, a Delaware partnership, and any successor or affiliated limited partnership having substantially similar investment objectives and terms (the EnviroTech Investment Fund I Limited Partnership and all such successor or affiliated limited partnership's are herein collectively referred to as the "EnviroTech Partnership"). The amount of all such purchases by EI will, in the aggregate, not exceed \$10 million.

In addition, GPU proposes from time to time through such date to make capital contributions of up to \$10 million to EI for purposes of making such acquisitions. The interests to be acquired by EI will in the aggregate represent not more than 9.9% of the limited partner interests in any EnviroTech Partnership. The sole general partner of the EnviroTech Partnership ("General Partner") will be Advent International Limited Partnership, a Delaware limited partnership, of which Advent International Corporation ("AIC") is the general partner. AIC is a venture capital investment firm.

A key objective of the EnviroTech Partnership is to make investments in companies (each a "Portfolio Company") that will contribute to the reduction, avoidance or sequestering of

greenhouse gas emissions; help utilities and their customers handle waste by-products more effectively or produce or manufacture goods or services more cost effectively; improve the efficiency of the production, storage, transmission, and delivery of energy; and provide investors with attractive opportunities relating to the evolving utility business climate which meet the above objectives.

In selecting suitable investments, the EnviroTech Partnership will focus on the following technology sectors, among others: alternate and renewable energy technologies; environmental and waste treatment technologies and services; energy efficiency technologies, processes and services; electrotechnologies used in the reduction of medical waste; technologies and processes promoting alternative energy for transportation; and other technologies related to improving the generation, transmission and delivery of electricity.

The term of the EnviroTech Partnership is 10 years from the date of the partnership agreement, subject to extension for up to two years upon agreement of the General Partner and limited partners holding 66⅔% of the combined capital contributions of all limited partners. Subject to certain limitations set forth in the partnership agreement, the management, operation, and implementation of policy of the EnviroTech Partnership will be vested exclusively in the General Partner. Among other powers, the General Partner will have discretion to invest the partnership's funds in accordance with investment guidelines. The investment guidelines may be amended or modified only upon the affirmative vote of limited partners representing at least 75% of the commitments of all limited partners.

Under the terms of the partnership agreement the General Partner will be paid an annual management fee equal to 2½% of the total amount of the capital commitments of the partners through the first six years, thereafter declining by ¼ of 1% on each anniversary to 1.5% commencing on the ninth anniversary date. In addition, the General Partner shall be entitled to reimbursement for all reasonable expenses incurred in the organization of the EnviroTech Partnership up to \$195,000, and for other third party expenses incurred on behalf of the EnviroTech Partnership.

All EnviroTech Partnership income and losses (including income and losses deemed to have been realized when securities are distributed in kind) will generally be allocated 80% to and